

CALIFORNIA ECONOMIC STRATEGY PANEL

ACCOMPLISHMENTS IN 2004

In January 2004, AB 1532 (Nakano) required the Secretary of the Labor and Workforce Development Agency to serve as Chair and convene the California Economic Strategy Panel (Panel). All responsibilities to biennially develop a statewide vision and strategy to guide public policy decisions for economic growth and competitiveness were transferred from the Technology, Trade and Commerce Agency.

The current biennial planning cycle is from January 1, 2004 through December 31, 2005. In part, AB 1532 requires the Panel to address the development of a system of accountability for use in the annual state budget process and in the legislative process to measure the performance of all state policies, programs and tax expenditures intended to stimulate the economy. The bill also requires the Panel to develop a standard definition of economic development and to conduct specified studies related to the economic development sections of the State Budget. These requirements are in addition to previous statutory mandates of the Panel (see <http://www.labor.ca.gov/panel/>).

In 2004, the focus was to implement the four “longer-term” actions the previous Panel members recommended in the biennial report, *Creating A Shared California Economic Strategy: A Call to Action*, completed in December 2003. The four areas were 1) institutionalize a process for “real time” data and information; 2) connect workforce development and economic development and focus on regions and industrial clusters; 3) develop criteria for infrastructure investment focused on the “triple bottom line” that achieves economic, environmental and equity payoffs; and, 4) create a California Economic Leadership Network engaging business, labor, community and governmental representatives.

The following provides a list of accomplishments in 2004. The primary focus in 2004 was to institutionalize a process for providing real time data and information, to connect workforce development and economic development and to focus on regions and industrial clusters (i.e. 1 and 2 above). This was accomplished through the work of the California Regional Economies Project (see <http://www.labor.ca.gov/panel/espcrepindex.htm>).

- Completed nine *Regional Economic Base Reports*, three *Cross Regional Industry Cluster Studies on Health Sciences and Services, Manufacturing and Opportunities in Rural Areas*; and three *Policy Monographs on Workforce Transition, Increasing California’s Competitive Edge and Innovation*.
- In order to complete the California Regional Economies Project, individual employer data from the Quarterly Census of Employment and Wages, or ES 202, program were summed, using the North American Industrial Classification System (NAICS) codes most closely associated with the firms’ latest Standard Industrial Classification (SIC) codes. The annual average employment for each County at the four-digit NAICS industry

level was aggregated into the nine regions defined by the Panel for the period 1990-2002. This unique, confidential data source was used to complete the project. (NAICS identifies hundreds of new, emerging and advanced technology industries. It also reorganizes industries into more meaningful sectors – especially in the service providing segments of the economy. This conversion of SIC to NAICS going back to 1990 is unprecedented.)

- Using the data source above, the *California Regional Economies Employment (CREE) Series* was produced for the public to access non-confidential annual average employment for each County at the four-digit NAICS industry level for the period 1990-2002 (see <http://www.calmis.ca.gov/FILE/CREE/CREE.htm>). The CREE series allows public access and opportunities to complete customized economic base and industry cluster studies.
- In order to complete the California Regional Economies Project, a methodology to analyze the employer data and to identify and analyze key industry clusters in the nine regions was developed. The *Clusters of Opportunity Methodology Guide* was produced for the public to use to conduct their own economic base and industry cluster analyses using the CREE series.
- Regional forums were conducted in each of the nine regions. The purpose of the forums was to present the results of the *Regional Economic Base Reports* and industry clusters of opportunity and verify and receive qualitative analyses from a panel of employers and forum participants. The *Planning Process for Regional Forums* was produced for the public to use as guidelines to conduct their own qualitative analyses of their economic base and industry cluster studies.
- Briefings and presentations were provided to a variety of audiences including the California Workforce Investment Board, California Workforce Association, Economic Vitality Conversations, Pacific, Gas and Electricity Company, Attorney General's Office, Legislative Staff and the Governor's California Performance Review.
- A website dedicated to the California Regional Economies Project was developed to provide public access to all data and information associated with the project.
- The *2005 California Regional Economies Project* was initiated to further analyze regional economies and labor markets, ensure the use and application of the Project by other entities and conduct policy discussions that enhance economic growth and development.